

# Allbritton Set Back On Star Broadcasting

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The Federal Communications Commission yesterday turned down Washington Star publisher Joe L. Allbritton's request to gain immediate effective control over the lucrative broadcast affiliates of the financially troubled afternoon newspaper.

By a 6-to-1 vote, the FCC instead ordered a full round of hearings on the case, which FCC officials said could take a year with even an expedited schedule. That would be "too long a time for indecision about the Star," Allbritton said in a statement issued last night.

Calling the FCC decision "shocking news" that "distressed" him, Allbritton said "the relief requested was most necessary to give The Washington Star an opportunity to survive."

Allbritton and the Star's former owners had asked the FCC for permission to retain control of the broadcast stations by the Star's parent company under Allbritton's control, so that profits from the radio and TV stations could help balance newspaper losses

The new FCC media ownership rules, adopted Jan. 28, prohibit creation of new newspaper-broadcast joint ownerships in the same metropolitan area, as well as the perpetuation of existing combinations through transfers. Washington Star Communications, Inc., owns WMAL AM-FM-TV in Washington; WLVA-AM-TV in Lynchburg; and WCIV-TV in Charleston, S.C.

While the Star's financial plight is a factor that "might lead to waiver" of the rules "under the appropriate circumstances," said the FCC, the case presented by Allbritton and the newspaper's parent company, Washington Star Communications, Inc., "did not warrant" avoidance of the new ownership concentration policy.

Specifically, the FCC noted that the parent company's earlier attempts, before Allbritton's entry, to sell the newspaper separately "were largely informal and somewhat limited in scope." Moreover, the agency said, Allbritton had not committed himself to continue publication of the Star newspaper following approval of the requested FCC waiver.

"I came to Washington to produce a quality newspaper and maintenance of that competitive voice in the nation's capital," Allbritton said in his statement last night.

Further plans to try to solve the Star's financial problems will be announced in several

days, he added. Alternatives available to Allbritton now would appear to include an appeal to the FCC for reconsideration, new financing or possible sale of some broadcast stations.

One stockholder in the parent company said yesterday that the FCC decision "is the one solution we can't live with" because of the long delay involved.

Following a Star loss of \$7.7 million in 1974, Washington Star Communications, Inc., told stockholders earlier this year that the Star operated with a loss of about \$3 million during the January-March, 1975 period.

Godfrey W. Kauffmann, chief executive of Washington Star Communications, declined yesterday to comment on the FCC action. In a telephone interview last week, however, Kauffmann took issue with published reports that the Kauffmann, Noyes and Adams families who owned the newspaper for more than a century and still control the parent company were trying to shut it down.

"The board (of Washington Star Communications) is unanimous in trying to keep the paper alive . . . if we thought the better course was to fold the newspaper, we could have done that a year ago," Kauffmann had said.

Abbott M. Washburn, a member of the FCC who voted with the majority, said last night that he thought the agency was wrong in ordering full hearings before an administrative law judge, which would begin next fall.

"We are told," Washburn said, that the Star is losing \$600,000 a month. "The more time that elapses without a decision, the more (possibility) that the newspaper will die," he asserted.

Washburn said he had proposed a limited series of oral arguments in the case, which could have been concluded in a relatively short time. He urged the FCC take "every" action necessary to make the full hearings as short as possible.

The contract under which Allbritton bought into Washington Star Communications has two phases. Under the first, he paid \$5 million for 10 per cent of the company's stock and lent \$5 million to the newspaper.

The second phase was conditioned upon FCC approval of the transfer of the company's broadcast properties to the Texas banker. If the FCC refuses to approve the transfer, the second part of the contract can be canceled.

Under the second part, Allbritton's Perpetual Corp. of Delaware is to invest an additional \$25 million in Washington Star Communications. Allbritton is to acquire up to 38 per cent of its stock.

Washington Star Communications told the FCC that the transfer of control was not a truly voluntary action, "but was compelled by the serious financial plight of the Star (newspaper) and the need for the infusion of operating capital," the FCC said yesterday.

This argument was rejected yesterday by the FCC, which concluded: "That Washington Star Communications may have entered into the . . . transaction only out of severe economic distress and may have given up only as much control as was necessary to acquire the needed infusion of capital in no way removes the proposed transfer of de facto control from the proscription of our multiple ownership rules."

At the same time, the FCC said it found little of a factual nature in several petitions from opponents of the transfer to Allbritton. "For the most part the allegations lacked a factual specificity and required documentation," said an FCC announcement in reference to petitions from Michigan newspaper publisher John P. McGoff and from a group of Washington-area civic groups—the Adams Morgan organization, local chapters of the National Organization for Women and the D.C. Media Task Force.



JOE L. ALLBRITTON  
... 'shocking news'

until the Star regained a viable status.

However, in the first test of new rules on concentrated media ownership, the commission majority said of the Star that the "financial problems that beset one of its media holdings does not put the resulting transfer of control beyond the purview of the multiple ownership rules."

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